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ORGANIZATION AND MANAGEMENT OF THE
FOREIGN INTELLIGENCE COMMUNITY

I. INTRODUCTION

On November 14, 1975, the President directed a study of the organization and management of the foreign intelligence community, including an examination of:

- the basic structure of the Community,
- key problems of organization and management,
- definition of requirements,
- systems design and selection,
- resource allocation,
- guidance mechanisms,
- consumer-producer relationships, and
- relevant recommendations of the Rockefeller and Murphy Commissions.

Based upon the results of these reviews, the study should:

- evaluate the need for changes in the current organization of foreign intelligence community,
- present options for a possible reorganization of the foreign intelligence community, and
- submit the recommendations of each addressee on the options presented.

The study group determined that its charge did not include counter-intelligence because this area includes components outside the foreign intelligence community, primarily the FBI.

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II. PAST AND FUTURE TRENDS

The foreign intelligence community serves a wide variety of consumers. These include the members of the NSC -- the President, Vice President and Secretaries of State and Defense -- the Secretary of Treasury, and, to a lesser extent, the Secretaries of Commerce and Agriculture and the economic policy community. These consumers use intelligence to guide policy decisions in the military, diplomatic, political, and economic areas. They are primary consumers of what is termed national intelligence, intelligence that is used in formulation of national policies. In addition, the foreign intelligence community provides military, political and economic intelligence to various consumers.

These consumers of intelligence are served by a wide variety of organizations. Analysts and producers of intelligence include the CIA's Directorate of Intelligence and parts of its Directorate of Science and Technology, the Defense Intelligence Agency, the State Department's Bureau of Intelligence and Research (INR), and various elements in the armed services. Collectors of intelligence include the CIA's Directorate of Operations and Foreign Broadcast Information Service, the National Security Agency (NSA) and military Service Cryptological Agencies, the National Reconnaissance Office (NRO), members of the Foreign Service Officer corps and Treasury, Agriculture, Commerce and Defense attaches, and elements of the armed services intelligence staffs.

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The Director of Central Intelligence is currently charged by the President with leadership of the Intelligence Community. As detailed in President Nixon's November 5, 1971, Memorandum, his four major responsibilities are:

- Planning and reviewing all intelligence activities and the allocation of all intelligence resources.
- Producing national intelligence required by the President and other national consumers.
- Chairing and staffing all Intelligence Community advisory boards or committees.
- Reconciling intelligence requirements and priorities within budgetary constraints.

These responsibilities are exercised by the DCI through:

- Submission each year, through OMB, of a consolidated intelligence budget, including tactical intelligence.
- Chairmanship of the Intelligence Resources Advisory Council, which advises the DCI on the budget.
- Chairmanship of the United States Intelligence Board, which advises the DCI on national production, collection requirements, and protection of sources and methods.
- Membership on the National Security Council Intelligence Committee which is responsible for consumer guidance on substantive intelligence needs.

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- Chairmanship of the two-man Executive Committee (ExCom)
(also including the Assistant Secretary of Defense/Intelligence)
which sets budgetary and operating policy for the National
Reconnaissance Program (NRP).

The DCI exercises both resource and line control over the CIA. Final resource and line control over the Consolidated Cryptological Program (the CCP, consisting of NSA and the Service Cryptological Agencies) and the National Reconnaissance Office reside in the Defense Department, along with control over the General Defense Intelligence Program (the Defense Intelligence Agencies, attaches and some technical and human collection programs), and service tactical intelligence assets.

The chart on the next page displays these various relationships within the Intelligence Community.

Resources and personnel available to the Intelligence Community reached a peak during the Vietnam War and have declined in real terms since then. An agency and functional picture of the 1976 intelligence budget request is shown on the facing page. CIA has about of the total national resources with the bulk of its efforts concentrated in human intelligence collection, production, and various support functions. Defense controls almost all other intelligence resources with signals intelligence, photo intelligence and intelligence-related resources

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that diverse requirements and capabilities will place greater demands on leadership.

III. PROBLEMS IN INTELLIGENCE

The Intelligence Community has made many and varied vital contributions to the national security of the United States. Throughout its 28-year history constant efforts have been made to improve the performance of the Community. Inevitably in any study of this type of the organization and management of the Community, however, the focus must be on problems in intelligence. The starting point for any suggestions for reform must be on those areas where further improvement is needed.

Many of the problems in intelligence are related; no mere listing of the problems that does not identify their inter-relationships would catch the complexity of the forces at work. In order to provide a structure for understanding of these problems, however, they can be viewed in the context of three major objectives for management and organization of the Intelligence Community that appear to encompass all major problems identified by this study group:

- create proper safeguards against future abuses and restore public confidence;
- provide customers with quality intelligence on a timely basis; and
- ensure that intelligence activities are well-directed.

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A. Proper Safeguards Against Future Abuses

The current public focus on the Intelligence Community began with a concern over alleged abuses: surveillance of, and compilation of large amounts of information on, Americans, electronic intercepts, mail openings assassination plots. The Commission on CIA Activities within the United States (the Rockefeller Commission) and the Commission on the Organization of the Government for Conduct of Foreign Policy (the Murphy Commission), recent Congressional reports, and our own inquiries all discovered that safeguards against abuses, including guidelines, have been inadequate. Certain intelligence activities conducted in the past are now considered inappropriate, and perhaps illegal. In some cases top government policymakers were aware of and had approved conduct of such activities; but, in other cases, top policymakers, both within and without the Intelligence Community were not aware that such activities were being conducted. In some cases, although top policymakers were aware of the activities, no sustained deliberative process among vitally interested parties occurred before approvals were granted. The Rockefeller and Murphy Commissions thus made a number of recommendations aimed at (1) insuring that top policymakers were aware of possibly questionable activities, and (2) promoting deliberative consideration of such activities, their benefits, and their detriments. Inadequate safeguards were found within the Intelligence Community, the Executive Office of the President, and Congress.

Intelligence Community

Within the Intelligence Community, there has been no focal point for Community oversight. Although many Community-wide directives have existed for assignment of responsibilities and other management purposes, directives on proper conduct have been rare. The DCI, the leader of the Community, has no clear authority to inspect, except within the CIA. Particular problems of oversight within the CIA were identified by the Rockefeller Commission: the limited roles of the Inspector General and General Counsel, absence of written regulations, over-compartmentation of some activities.

Executive Office

Within the Executive Office, no mechanism has been established to review the legality and propriety of intelligence activities. In the past, to the extent anyone was held responsible for propriety, the head of each operating component carried out these tasks. No one was held explicitly responsible in the Executive Office, primarily because this responsibility was never considered particularly deserving of high-level attention, the propriety of activities having been given scant attention.

Congress

Within the Congress, oversight of the CIA and other components of the Intelligence Community was conducted until quite recently by a very small senior group of Senators and Congressmen and a handful of their staff

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on the House and Senate Armed Services and Appropriations Committees. This small group of Congressional overseers approved intelligence budgets; and the rest of Congress acquiesced in their recommendations.

The recurring theme in oversight and safeguards against abuse at all three levels is one of lack of attention. Because attention was not focused on this responsibility, certain activities were conducted without the top level attention they merited.

B. Quality Intelligence on a Timely Basis

The success of intelligence rests primarily on its ability to satisfy the requirements of its consumers. Thus, it is essential that relationships between producers and consumers be nurtured by both sides. However, it is the responsibility of the leadership of the Intelligence Community to structure and guide the Community so that it produces the intelligence product ultimately desired. The issue of quality intelligence on a timely basis then extends deeply into the management of the whole intelligence effort -- the process by which resources are allocated to collectors, processors and producers; the way the production community is organized and staffed; the quality of the collection organizations; the nature of the research and development efforts which will anticipate future problems, and provide for their solution; and even programs which provide necessary support for intelligence activities. Thus, the question of the quality of intelligence ultimately involves almost every area of the Community.

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Subsequent discussions in this paper of management problems are grounded on the assumption that improvements in the overall management process will enhance the product.

Given the broad range of needs felt by consumers and the variety of producers and collectors who serve these needs, it is understandable that many different arrangements have been established to meet consumer requirements. (These arrangements are detailed in Tab C.) There is general agreement that intelligence in recent years has made major gains in the quality, relevance, and timeliness of its contributions to policy officials -- particularly in the area of ad hoc support. Nevertheless, certain problem areas remain that impact adversely on the quality and timeliness of the intelligence product and on the efficiency of the intelligence process:

Consumer relations with the Intelligence Community. There is inadequate guidance and feedback by senior policy officials. In addition, certain sensitive documents are not made available to intelligence officials.

When intelligence personnel are actively involved in policy and negotiating sessions, their appreciation of the priority issues are vastly improved. The active participation of CIA, DIA, and INR in the SALT and MBFR negotiations, for example, is considered an ideal model for intelligence working relations with policy elements.

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National Intelligence Estimates (NIE's) and economic intelligence reports have had a mixed reception. Those NIE's and other estimative papers dealing with military intelligence questions can be improved but are generally regarded as useful. Reporting capabilities involving political and economic intelligence require improvement. The NSC Staff generally regards NIE's as a useful input to their deliberations. State and Treasury rely heavily on their own analytic resources for estimative reports; however, they feel that more use could be made of national estimates if policy officials provided more guidance on policy issues requiring intelligence support.

The NSC Intelligence Committee (NSCIC) has not functioned effectively in carrying out the purposes for which it was organized. The NSCIC has met only twice and has accomplished little. Its relatively new Economic Intelligence Subcommittee thus far has not moved beyond the organizational stage. The NSCIC working group, which has met regularly, has been devoted primarily to educating the consumer representatives about the Intelligence Community, though some guidance has been provided on requirements, and a consumer survey is being initiated on current intelligence.

Consumers are inadequately informed as to the resource implications of their requirements. Although they need not be intimately involved or knowledgeable concerning the details of the intelligence resource allocation process, they should be informed when the direct cost magnitude of their intelligence requirements has significant cost or trade-off implications.

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Crisis management. The policy-level consumer relationship becomes especially crucial during crises. The White House, State, Defense, and the DCI all have major roles to play in devising improved procedures to develop better intra-agency, inter-agency, and White House ties. It is essential that intelligence analysis in critical circumstances proceed from an understanding of operational policy decisions so that the likely reactions of the other side can be assessed.

In times of crisis, each Agency organizes itself in task-force style to maximize support for its chief who participates in crisis management decisionmaking through the Washington Special Action Group, a subordinate elements of the National Security Council. Special communications arrangements to expedite data flows are used; intelligence collection and processing priorities are set and used; and intelligence analysts produce spot reports and periodic situation reports for their bosses. The individual arrangements generally work fairly well, but there is little overall coordination of the agency activities, and they often result in an overloading of unevaluated information at the top. Timeliness of intelligence reporting has taken precedence over inter-agency coordination and development of agreed judgments. The future challenge is to insure timeliness of intelligence support and to provide for inter-agency analytical cross-talk so that the quality of crisis intelligence is improved.

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National intelligence support to field commanders. National intelligence systems provide information to military commanders at the level of detail needed for planning and conducting military operations, but their ability as wartime assets remains to be tested. Military intelligence is considered by the combat commander as an essential element of his force. National intelligence assets offer great promise, but if they cannot meet requirements for timeliness, accuracy, availability, dependability, and survivability in a combat environment, they cannot be considered viable wartime assets. Combat commanders are understandably reluctant to become overly dependent on national intelligence systems.

A substantial effort is currently under way to integrate technical collection resources and provide processed information directly to military commanders at the theater level and below. A recent study of national intelligence support to field commanders suggests that national and tactical assets are each capable of offsetting significant deficiencies in the other during contingency operations. However, the study's conclusions remain to be confirmed by field tests. Furthermore, the study raises but does not resolve two basic questions:

- First, how can the organizational problem of national intelligence support to field commanders be resolved without affecting the primary responsibilities of the Secretary of Defense and Joint Chiefs of Staff for force structure planning and military operations.

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- Second, how much additional investment would be required for redesign of national systems, e.g., in system survivability and tactical communications and dissemination links and subsystems, to insure that they can operate effectively in both benign and hostile environments.

Secrecy and compartmentation. Access to intelligence information at both the policy and operational levels requires clearances. Clearances are necessary to protect sources and methods of intelligence and other sensitive information from unauthorized disclosure. The DCI has a statutory responsibility to protect sources and methods. A classification system established by an Executive Order, backstopped by unusual employment termination authorities granted the DCI over the CIA and the Defense Department over NSA employees, and a series of less than airtight criminal statutes are all used to protect intelligence. For many years, the Intelligence Community has felt that these procedures and sanctions are not fully effective to accomplish their task and to allow the DCI to fulfill his statutory responsibility. The DCI is particularly limited because his line authority extends over only the CIA. He has had to rely on the cooperation of other organizations in the Community.

In part because of the inadequacy of classification and statutory sanctions, a number of control systems for particular types of intelligence information have been developed. Growth of control systems over the years has tended to be uncontrolled and has created parochial baronies with a vested interest

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in the permanence of their domains. Procedures to remove classified information from control systems are usually elaborate and time consuming. A major system liability is the difficulty of insuring that the right consumers have access to the kinds of intelligence products their jobs require. For example, the imagery product from satellite reconnaissance is of special importance to large numbers of consumers, particularly military planners and commanders in Washington and in the field. Much has been done to sanitize and decontrol product to make it more widely available. More remains to be done.

Not only do separate control systems hamper the dissemination of intelligence information; they also inhibit useful intelligence analysis and production. Compartmentation procedures artificially divide the intelligence data base and make it difficult -- in some cases impossible -- to store and integrate information collected at great costs.

Summary. Identification of the problems now facing the Intelligence Community in supplying quality intelligence on a timely basis demonstrates the pressing need for more effective managerial procedures or structural changes. The problems of both policy and field-level consumers can be resolved only through close coordination both in terms of dissemination procedures and technological developments. Whether current organizational arrangements or new arrangements are needed will be the focus of the discussion in Part IV and Part V of the paper.

C. Well-Directed and Monitored Intelligence Activities

The National Security Act of 1947 gave to CIA the responsibility to advise and make recommendations to the NSC and to correlate and evaluate intelligence relating to the national security. Existing Presidential directives state that the DCI "shall assume leadership of the Community in planning, reviewing, coordinating, and evaluating all intelligence programs and activities, and in the production of national intelligence." Today, the DCI has resource decision and line control authority over one part of the Intelligence Community -- the CIA. His responsibility over other parts of the Community is exercised through a variety of committees and ad hoc arrangements.

25X1 { Almost ☐ per cent of the intelligence effort is related to the size and
25X1 status of military forces and related scientific and technical intelligence,
and more than ☐ per cent of the national intelligence assets are in the Defense
Department. The DCI must coordinate all national intelligence resources to
assure that military, economic, and political concerns receive appropriate
emphasis. The increasing capability of national collection assets to some
field commanders calls for increasingly closer cooperation between the DCI
and Defense.

Peacetime/wartime transition. In peacetime, centrally-managed technical collection systems such as the National Reconnaissance Program and the Consolidated Cryptological Program are controlled by a variety of mechanisms in which the DCI's voice ranges from dominant to marginal.

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In wartime, it is generally understood the Defense's interest should be paramount.

For transition to wartime, the Joint Chiefs of Staff and the DCI have concluded formal understandings governing military/CIA command relationships at the theater level in war and contingency situations. There is, however, no peace/war transition agreement at the national level. Closely related is the question of whether existing arrangements provide for an effective transition to crisis and hot war conditions. A key consideration in these issues is the emergence of new national intelligence collection systems and the extent to which they may be able to support the national purposes for which they were designed and the needs of military commanders. Formal agreements concerning the role of the DCI and CIA in support of DoD in time of war could go a long way to enhance collaboration between the two organizations in time of peace.

Control over Community resources. The DCI has direct resource control over the CIA, has less direct control over the National Reconnaissance Program, has indirect influence through the requirements process over DIA and the Consolidated Cryptological Program. The DCI exercises little control over the individual intelligence programs of the three armed services. His leadership is exerted as a coordinator not as a line manager.

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Budget development and execution occurs primarily within the departments,
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consistent with the locus of final resource authority. However, budget development for the National

Reconnaissance Program is not handled solely within one department but rather by an Executive Committee (ExCom) made up of the DCI and the Assistant Secretary of Defense for Intelligence.

Although budget execution is primarily handled within the departments, the DCI has a number of inter-agency review mechanisms:

- The United States Intelligence Board (USIB). The USIB was established to advise the DCI on a variety of intelligence subjects. The USIB identifies information needs and establishes requirements. They influence resource levels when the information requirement can be readily translated into resource requirements.
- Intelligence Resources Advisory Committee (IRAC). The IRAC was established to advise the DCI on the preparation of the intelligence budget and the allocation of resources among programs. It has as members the DCI and senior representatives from the Department of State, the Department of Defense, the Central Intelligence Agency, and OMB. IRAC is not a decision forum.
- The Community's Program. The DCI submits each year a set of program recommendations to the President for his consideration in preparing next year's budget. In this document the DCI discusses important aspects of the U.S. Foreign Intelligence Program, presents his position on budget issues and displays a recommended level of Community resources for the coming year. Because it is

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superimposed on the normal budgetary process, there have been problems of timing associated with this submission -- it must be formulated after the preliminary budgets are formed and the issues defined and debated, but before the President's budget is assembled.

-- Fiscal Guidance. OMB provides guidance to the Intelligence Community twice each year in the form of a letter from the Director to the DCI. OMB also reviews all department budget submissions for presentation of issues to the President.

There is no single central controller of intelligence resources. Trade-offs between competing collection functional areas and among collection, processing, and production needs are sometimes missed because of the diverse budget review process.

The nature of intelligence makes it most difficult to relate resource inputs to product outputs. While there is some tie between production resources and product output that can be documented, this relationship cannot be traced to processing and collection activities except in isolated circumstances. Further, decisions tend to be made in terms of particular sensor collection requirements to the exclusion of consideration on an across-the-board basis among available resource options.

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Covert actions. A distinctive problem of intelligence direction involves conduct of covert operations. Such operations, including both political/psychological projects and paramilitary warfare, have been carried out by the CIA almost since its inception. Proposals for moving covert operations out of the CIA have been made many times, but have always been rejected. A recent recurring theme in Congressional discussions has been the desirability of moving covert operations outside the CIA. It has been argued that separation of covert operations could possibly enhance NSC-level policymaker control, prevent biasing of CIA analytical judgments because of the Agency's involvement in such activities, and promote public confidence.

Review, coordination, and approval of covert operations is the responsibility of a subgroup of the NSC, the 40 Committee. The Murphy Commission and Congressional observers have criticized this committee for inadequate deliberation and staff support and for failure to represent a broad enough diversity of interested policymakers. At times in the past 40 Committee meetings have not been held; decisions were made by correspondence. Inadequate time for staff consideration has been a criticism within the government as well as without. Although the 40 Committee's charter calls for annual reviews of ongoing programs, this direction has not always been followed. The Attorney General has served on the 40 Committee or its predecessors at times in the past, but he served not as the government's chief legal adviser but as a close and trusted Presidential aide.

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D. A Need for Change?

Since 1947 major changes have occurred in the size and scope of the Intelligence Community. Over this period the basic structure of its top leadership has remained the same. A wide assortment of committee arrangements have been developed to better advise the DCI who has coordinating authority and managers of the Community who have resource and line authority.

In the area of abuse oversight, new arrangements seem required. If the Executive Branch does not move, Congress will. Although the publicity of the last year was probably the most effective safeguard possible against improprieties, the preferred structure for the future is not continued exposure, but rather sound oversight within the Community, at the Executive Office level, and in Congress.

The question of whether the President should propose basic changes in the organization and management of the Intelligence Community is a complicated one involving consideration of a number of interrelated factors. One's conclusion about the need for change depends heavily on the weight assigned to the various factors.

With respect to the management and control of Intelligence Community resources, the 1971 Presidential directive gave the DCI a staff resource review responsibility for the entire Intelligence Community but without legal authority to enforce such a responsibility. Many argue that the resource management task has grown enormously in importance and difficulty but

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that the tools available to a central manager, the DCI, are inadequate to the task. On the other hand, it can be argued that while the task is not perfectly carried out, it does meet certain basic requirements and keeps line control over resource problems in the agencies required to carry out the programs.

It is argued that the House and Senate Select Committees are likely to make major proposals for reorganization and that the President would be well advised to have set forth his own proposals for change. Executive Branch proposals could influence the Congress in their deliberations.

Evolving technology is increasingly making available to the Intelligence Community large and expensive collection systems which may require central management if they are to serve effectively their customers. However, many feel that existing arrangements, particularly for management of the CCP and the NRO, do work adequately.

Finally, proponents of major organizational change believe that new institutional arrangements at the top of the Community would cause many problems which have been inadequately considered by the Intelligence Community for many years to be rethought in a new context. Many long standing and contentious problems might be resolved. On the other hand, major organizational change could be disruptive causing lowering of morale and reduced efficiency.

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IV. ACTIONS TO PREVENT ABUSES AND TO RESTORE PUBLIC
CONFIDENCE

Recent events have demonstrated the need for improvement in existing control procedures over the Intelligence Community within the Executive Branch and in Congress. Changes in both organization and procedures to provide additional control are examined below.

1. Guidelines on Propriety and Restrictions. There is a demonstrated need for a strict code of standards for the conduct of intelligence operations. These standards should address permissible and not permissible actions by foreign intelligence organizations. A draft executive order has been prepared for intelligence agencies (excluding the FBI) which sets restrictive guidelines for domestic activities (e.g., mail opening, infiltration of dissident groups, electronic surveillance, inspection of tax returns, collection of information on US citizens and testing drugs) and which limits activities which can be taken to protect intelligence sources and methods.

Approval and dissemination of this executive order is a necessary first step toward providing the guidelines within which the Intelligence Community must operate and against which its performance can be measured.

2. Oversight. Recent revelations have confirmed the need for the President and the Congress to have independent advice on the legality and propriety of intelligence activities. A number of legislative proposals have already been introduced to enhance the Congressional oversight role.

Two distinct possibilities are:

- Establishment of a government oversight committee with responsibilities to review all intelligence activities, and
- Reestablishment of the GAO role in the review of intelligence.

Currently GAO does not review intelligence activities.

Against this backdrop, three tiers of potential options exist for the President:

A. Executive Branch Oversight -- Within the Intelligence Community?

As pointed out earlier, the DCI currently utilizes an Inspector General (IG) only to review CIA activities. Each agency is responsible for carrying out an inspection function for all its activities, but the special clearances and sensitive aspects of intelligence functions have inhibited deep scrutiny in the past. Two options can be considered:

- Strengthen the inspection function in each agency; or
- Establish a Community-wide IG under the DCI and the intelligence agencies regarding access and degree of authority.

Selection of a Community IG should reflect the planned future role of the DCI and be made in the context of a decision on the need for a Counsel to the President as addressed in the following section. While the need for either a Community IG or oversight at the Presidential level is fairly clear, a serious question exists as to the need for both.

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B. Executive Branch Oversight - Outside the Intelligence Community?

A decision in this area must reflect the following:

- usefulness to the President of an independent oversight voice,
- ability to gather useful information,
- public perception of the change -- substantive or cosmetic.

Three possible options exist:

- The Attorney General, who would advise the President through use of a special staff established within Justice to monitor intelligence activities; or
- A Special Counsel to the President, together with an appropriate staff, who would be responsible for advising the President on the legality and propriety of intelligence activities; or
- A government-wide Inspector General who would also respond to improprieties that have occurred in numerous Federal activities beyond the Intelligence Community. The new IG could advise the President directly on all such activities and would demonstrate a willingness to address other Executive Branch improprieties.

C. Executive Branch Oversight - By Outside Government Personnel?

Another approach involves the use of a non-government group to fulfill the oversight role and to advise the President of their findings. Two options are identified:

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- adding an oversight responsibility to the President's Foreign Intelligence Advisory Board (PFIAB); or
- establishing a new oversight group.

The Rockefeller and Murphy Commissions both strongly endorsed the concept of expanding the PFIAB charter. The key question to be resolved here is the extent to which an advisory group (even with a permanent and expanded staff), meeting on an occasional basis, can provide an effective grip on ongoing intelligence operations. Expanding the PFIAB charter would suggest a more diversified membership. Determination of whether to use the PFIAB or to establish a new group would hinge on consideration of the extent to which the PFIAB's primary role in the past -- encouragement of the Intelligence Community to do the best job possible -- would be diluted by, and perhaps even conflict with, this new responsibility.

3. Intelligence Policy Coordination. A number of intelligence activities impact on policies -- domestic, diplomatic, and military -- outside the Community. The NSC has the statutory duty of integrating domestic, foreign, and military policies. This duty is currently carried out through NSC directive and NSC committees. Despite these arrangements, coordination of intelligence activities, in large part due to their highly sensitive nature, remains a difficult problem.

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A reexamination of the organizational focus within the Executive Office should address:

- the ability to coordinate the efforts of foreign intelligence, counterintelligence, and domestic intelligence on specific projects; and
- the public and Congressional perception of Executive Office control over all intelligence activities.

Three options are identified:

- Expanded Use of NSC Structure. The NSC structure could be better used to integrate policies involving domestic and foreign intelligence. NSC Committees could be augmented to include Justice, Treasury, and other departments as the subject demands. Either a new committee could be established or the responsibility assigned to the NSC Intelligence Committee could be expanded.
- Intelligence Adviser to the President. One person or office could be assigned responsibility for integrating these interagency policies affecting foreign and domestic intelligence activities. A special adviser would have some authority and high public visibility. Ad hoc committees could work with the intelligence adviser staff on designated problems; oversight responsibility could also be assumed. Conflicts with the NSC could be anticipated, however, because the special adviser's responsibilities would overlap those of the NSC.

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- Improved DCI/Agency Coordination. Foreign and domestic policy considerations involving intelligence efforts could be handled through existing informal mechanisms directly between the DCI and involved agency heads without White House participation. This would be particularly true with a strengthened DCI.

4. NSC Involvement in Covert and Sensitive Operations.

The NSC's 40 Committee provides policy approval for intelligence activities with a high risk of detection or political embarrassment. The group is chaired by the National Security Adviser and includes the DCI, State, Defense, and the Joint Chiefs. The Attorney General is formally a member but has not been an active participant in recent years.

While formal review procedures have been established, there is a general perception by Congress and independent commissions that there has been an inadequate substantive review of proposed actions. Improved review might be achieved by:

- redesignating the Attorney General as a committee member with ad hoc representation from other departments as the subject demands (with attention paid to possible conflict of roles for the Attorney General if he is designated as the President's intelligence inspector);
- reinstituting formal committee meetings on all significant covert/sensitive requests; and

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- adding staff to provide non-departmental substantive analytic input on the need, risk and potential benefits of each operation.

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V. Intelligence Community Leadership Options

The study ^Qgroup examined a wide variety of options, ranging from total centralization of all intelligence resources and programs under ^Ewith the DCI or the Secretary of Defense, to a virtual repeal of the National Security Act of 1947. However, only three organizational models and the current situation, possibly with minor variations, offered sufficient promise to be analyzed in depth. The key features that differentiate these four options are (1) identification and organizational position of the senior foreign intelligence ^{OK, 11/1} of the government; (2) Operational responsibilities of that individual; (3) fiscal, i.e., budgetary responsibilities of that individual; and (4) division of responsibilities among component parts of the Intelligence Community.

Unifying themes of all organizational changes were: (1) recognition of the need for community-wide standards to regulate all intelligence activities; (2) need to scrutinize covert actions before implementation and periodically thereafter to ensure their usefulness, propriety and effectiveness; (3) need for more effective Presidential Oversight; (4) Need for the most cost-effective utilization of scarce resources; (5) need for more effective liaison with the Congress in the exercise of its legitimate legislative oversight function. In essence, all of the four options were tested against the

criteria enumerated above in order to see how well they met the purposes of this study, i.e.:

- to create proper safeguards against future abuses.
- to provide users of intelligence with useful, relevant intelligence on a timely basis;
- to ensure that intelligence activities are well-directed and well-monitored with assigned accountability.

Each option, its associated details and anticipated impacts -- both beneficial and detrimental -- will be discussed. A graphic summary of these four options is shown on page one.

OPTION #1

CENTRALIZED NATIONAL INTELLIGENCE PROGRAM

RATIONALE

This option argues that the only way to solve the problems inherent in divided responsibility between resource managers and operators is to centralize resources and operational, i.e., line, authority in the hands of one man who, for discussion purposes, will be called the Director General for Intelligence. This man would then be totally responsible for intelligence collection, processing, production, and performance evaluation.

SUMMARY DESCRIPTION

This option would centralize the major and most costly national intelligence activities, the CIAP, the CCP, and the NRP, and would create conditions under which an authoritative management could make resource trade-offs and savings along with a high potential for product improvement. The GDIP would continue to be an integral part of the Defense Department.

The option will continue to permit the existence of analytical and production centers nationally and departmentally and, hence, should permit the desired presentation of contending points of view in national intelligence production.

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General Defense
Intelligence Program

While this option creates the maximum centralization of intelligence in the government of all options presented, it does not encompass all intelligence. Thus, Departmental intelligence and tactical intelligence remain elsewhere because it is deemed impractical to remove them to a central location.

Leadership of Community

The DGI would be the man in charge of a cabinet-level Department, with line authority over all national foreign intelligence activities--the Combined Cryptologic Program (CCP), the National Reconnaissance Program (NRP), and the CIA Program (CIAP).

Position in Executive Branch Hierarchy

Under this option, the DGI would be separated from CIA and would become a full member of the NSC.

Relation to the National Security Council

To serve as intelligence adviser to the President and the NSC.

Operational Responsibilities

The DGI, under this option, would be fully responsible for all operational and other aspects of the CIAP, the CCP, and the NRP.

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Fiscal Responsibilities

The Department would include the budgets and manning tables of the CCP, NRP, and CIAP, which the DGI would review and approve. He would defend a national intelligence budget before the Congress, and he would receive funds appropriated by Congress for these programs and allocate those funds to his subordinates.

Responsibilities Concerning Collection Requirements

The DGI's subordinate collection elements might be organized substantially as now, or they might be re-organized into a new integrated collection organization made up of the NRP, the CCP, and the CIA Operations Directorate.

Responsibilities for Production of National Intelligence

The DGI's production staff would include the National Intelligence Officers and a Production Agency with a responsibility for national current intelligence production, maintenance of national intelligence data, and specialized intelligence research. (The nucleus for the Production Agency would be the production elements of what is now CIA.)

Responsibilities for Covert Action

Covert action and counterintelligence responsibilities currently assigned to CIA would continue to be associated with the CIA/DDO elements which would become part of the Collection Agency.

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Inspector General Role

Such a role would be necessary to inspect and oversee his components and the propriety of their actions.

Relations with the Congress

DGI would serve as Intelligence Community spokesman in dealing with the Congress.

Relation to the USIB and the IRAC

DGI would have authority to settle disputes without recourse to the present Committee structure; however, some form of Advisory Committee structure would be required for day-to-day coordination of Intelligence Community business.

National/Tactical Interface

The DGI would not carry the responsibility (currently carried by the DCI) to review resources assigned to departmental or "tactical" intelligence entities. The DGI would be charged with insuring maximum interaction between national and tactical intelligence collection and production.

Potential for Abuse Control and Likely Public Reaction

With a built-in departmental inspection function, checks on propriety and effectiveness would be relatively easy to carry out within the new Department. To balance the coordination of all national intelligence programs under one man, an effective external review mechanism would probably be required.

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Effects on Intelligence Product

Centralization of control over all national programs under the effective authority of one individual could ultimately lead to improvements in overall product quality as resources are focussed on highest priority problems. A major difficulty with this option, however, would be ensuring the DGI's responsiveness to Defense intelligence requirements. This DGI would have control over most intelligence resources, but DoD requirements would continue to constitute the largest share of total requirements.

To establish a new Department for intelligence could politicize the position of its head in contrast to the tradition of a non-political DCI whose incumbency can span administrations. Some would see the close proximity of the DGI to the President as a plus in DGI's ability to get the job done with strong support and under Presidential control. Others would consider such proximity to be an example of cronyism with potential for abuse.

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Effects on Intelligence Management

In the long run, this option is viable and workable. In the short run, however, among all options preferred, it is the most disruptive and turbulent. Realignment and reorganization would carry high costs to efficiency at

the outset. This is a major disadvantage of this option. Particularly complex would be the problem of assigning the fulfillment of major military requirements to a civilian agency where primary mission is not militarily directed.

Another problem with this option is that a proposal to establish a new national intelligence Department could encounter major Congressional opposition from those unwilling to consider such an extreme centralization of authority.

Finally, establishment of a Department-level DGI would mean that open budget procedures would have to be followed with the Congress. All intelligence submissions, except the GDP, would be identified, allocated, and appropriated through normal Congressional budgetary procedures. Such procedures could well hinder necessary covert operations. The flexibility of the President to conduct foreign policy might be adversely affected by relatively open examination of sensitive intelligence programs. These difficulties could be eliminated if a way could be found to preserve a "black budget."

OPTION 2

CENTRALIZED RESOURCE CONTROL

Rationale for this Option:

(1) The concept accepted since 1947 of a Director of Central Intelligence (DCI) with broad coordination powers in intelligence, supported by an independent intelligence production capability, remains sound. At the same time, the responsibilities of the Department of Defense for fighting war give it a major stake in the way intelligence assets are developed and managed.

(2) The impact of technology, and increasingly stringent resource constraints, have emphasized the need for effective overall Intelligence Community management. At the same time, attempts by the DCI to balance Community interests have demonstrated that in many aspects of his responsibilities the conflict of interest between his roles as Community leader and line manager of CIA is a fundamental problem.

(3) If in the 1980s the DCI is to be able to provide strong leadership, he needs greater authority than he now possesses. An effective way to give him such authority, while protecting Defense's operational interests, is to give him the power of the purse over the major national intelligence programs while eliminating his line authority over CIA. | ?

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Summary Description: The DCI would be separated from CIA and renamed the Director General for Intelligence (DGI). He would have no operational responsibilities, he would continue to be the President's chief intelligence advisor, and he would have basic control over a national intelligence budget consisting of the present CIA, the Consolidated Cryptologic Program, and the National Reconnaissance Program.

In Detail:

Leadership of Community. Create a Director General for Intelligence (DG) and make him a member of the NSC confirmed by Congress. Charge the DGI with overall policy direction for the Intelligence Community, without direct line management over any of its operational elements. Create a Director, CIA, to be appointed by the President and confirmed by the Senate to be responsible for day-to-day management of CIA and for management of national intelligence production, drawing on other agencies as now. DGI would be foreign intelligence advisor to the President, the NSC, and Congress.

Position in Executive Branch Hierarchy. Director General for Intelligence would be a member of the NSC, instead of advisory to the NSC as now.

Operational Responsibilities. None. The DGI would have a staff similar to the present DCI Staff, i.e., NIOs and the ICS, but no operational responsibilities. Operational control of the NRO, the CCP, and the GDIP

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would be retained in Defense, consolidated under a Deputy Secretary of Defense. Operational control over CIA would be vested in a Director, CIA.

Fiscal Responsibilities. Reviews and recommends budgets for all elements of the national intelligence program. Funds for national programs---the CIAP, the CCP, and the NRP, would be appropriated to the DGI for reallocation to program managers. DGI would submit recommendations on the overall intelligence budget to the President through OMB. Final approval of program budgets would be continued, as now, at the OMB and Presidential levels. DGI would defend before Congress the President's budget for the Intelligence Community.

Responsibilities Concerning Collection Requirements. Develops and issues guidance concerning information requirements for national intelligence; reviews the adequacy with which collection requirements developed by all elements of the Community reflect his guidance; and makes recommendations as to necessary improvements. DGI would use his control over the budgetary process to insure broad adherence to his policy guidance.

Responsibilities for Production of National Intelligence. DGI would continue to have broad responsibility for the production of national intelligence. He would delegate this production responsibility to D/CIA. He would be

responsible for providing guidance to the Intelligence Community as to needs and priorities, and, with the assistance of D/CIA, for the provision of direct support to the President, the NSC and Congress.

Responsibilities for Covert Actions. Serves as a member of the 40 Committee (or its equivalent) and participates in review of covert actions through his broad resource authority.

Inspector General Role. Using reports from the Inspectors General of the separate intelligence organizations whenever possible, but supported by his own IG Staff (and its investigations) as necessary, DGI would be responsible for the conduct of such investigations as he considers appropriate, including those which will assure all organizations involved in foreign intelligence are complying with legislative and Executive Order restrictions on their activities, particularly as regards the rights of US citizens. The DGI would need a General Counsel to advise him.

Relations with the Congress. DGI would be the chief spokesman before Congress for the Intelligence Community, including defense of the President's budget for intelligence activities and the provision of the national intelligence products to the Congress and its Committees. DGI would rely on support from individual program managers to defend specific programs.

Relation to the USIB and the IRAC. Under this option, an NSC Committee for Intelligence, chaired by the DGI and

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including policy officers--the Deputy Secretaries of State and Defense--would be created to assist the DGI in fulfilling his responsibilities. This Committee would absorb the functions of the NRP ExCom, Intelligence Resources Advisory Committee (IRAC), National Security Council Intelligence Committee (NSCIC), and United States Intelligence Board (USIB) (except for its production responsibilities). USIB would be reconstituted as an intelligence production board with the DGI as Chairman and D/CIA as Deputy Chairman.

National/Tactical Interface. Charge the DGI with responsibility for better support of the needs of Defense in peace and especially in war through use of centrally coordinated collection programs, and with planning for the transfer of intelligence assets to the Department of Defense in time of war.

Additional Points:

Fundamental to this option would be the establishment of a new and better relationship between the DGI and the Secretary of Defense, based on a recognition of the impact of planning for war on intelligence operations in peacetime.

Some would argue that the failure to deal with this problem has long frustrated the creation of a truly national intelligence system. Conflicts in the current structure might be resolved by new legislation as follows:

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The DGI shall be a member of the National Security Council responsible to the President, except that in the event of major hostilities he shall be responsible to the President through the Secretary of Defense, unless the President directs otherwise. When he is subordinate to the Secretary of Defense, he shall retain the right to render substantive assessments independently to the President.

This formulation would help to cause the interests of the Secretary of Defense and DGI to converge where they are now adversary. The Secretary would be more interested in seeing that the DGI built a strong intelligence system in peacetime, while the DGI would be more concerned that the system be designed to meet Defense's needs in peace or war. The DGI would be de facto a part of the National Command System, and his relationship to the National Command Authority would be clearly established. In the event of war, the entire system, including the DGI, would theoretically move under the Secretary of Defense's authority as a unit with less disruption of internal command mechanisms than would take place under present understandings.

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Potential for Abuse Control and Likely Public Reaction

Increased stature for the DGI and his independence from operational responsibilities, together with the establishment of a Community Inspector General and General Counsel, could help insure improved oversight over intelligence activities. From the point of view of Congress, the existence of these new institutional arrangements should facilitate oversight and establish accountability. It can be argued that increased centralization of authority over resource matters in the Intelligence Community will increase the possibility for using the intelligence system for illegal or other malevolent purposes. The concern is real, though it should be substantially offset by the checks and balances established by dividing operational control and resource control between a Deputy Secretary of Defense and the DGI.

A more fundamental problem, however, is that regardless of the administrative arrangements adopted, there exist relatively few specific standards by which to judge propriety. Regardless of the option chosen, consideration should be given to establishing uniform standards for conduct of intelligence operations. Finally, it is questionable whether the DGI could change a Community Inspector General to investigate programs under the operational control of others.

Impact of this option on product quality.

This option should provide closer links between producers and consumers through the DGI's membership on the NSC and his active collaboration with senior officers of State and Defense in the proposed NSC Committee.

By giving the DGI basic authority over the resource allocation process, he should be able to better focus collection systems on high priority production requirements and to evaluate the performance of both collectors and producers in meeting consumer needs. There is the danger that the needs of military consumers will be adversely affected by the DGI control over resource decisions concerning the CIAP, the CCP, and the NRP. Continuing Defense operational control over the CCP and the NRP would however be an offsetting factor.

Over the longer term, development of a resource review process in which fundamental trade-offs between overhead reconnaissance, SIGINT, and human intelligence programs can be considered, and costs and benefits can be evaluated, should have a positive effect upon overall product quality. On the other hand, such a review process will focus on tradeoffs among competing intelligence systems, rather than tradeoffs between intelligence activities and combat capabilities.

This option should elevate the level of attention given to the issue of support from centrally managed collection and production assets to military commanders. It

should be noted however that the ability of the DGI to satisfy military requirements is untested. If military needs are to be met, there would have to be (a) strong military influence in the office of the DGI. On the other hand, this may be seen by some as reducing the DGI's independence of view.

Impact of Option on Management Effectiveness.

This option essentially involves a compromise between continued adherence to the status quo and the major centralization of national intelligence assets contemplated under Option One above.

The changes proposed would give one individual, the DGI, effective authority to establish a comprehensive and integrated resource review process for the three major national intelligence programs, with the benefits which would accompany establishment of such a process. In particular, this proposal would make one individual responsible for developing and defending a national intelligence budget to both the President and Congress. At the same time, by leaving operational control over the CCP in Defense, and by maintaining a divided responsibility for management of the NRP, Defense would continue to exercise significant control over these programs.

A potential problem with such an arrangement, most particularly in the case of the CCP, is whether a program manager could efficiently carry out his

responsibilities while reporting to a Deputy Secretary of Defense on operational matters and to a DGI, independent of the Deputy Secretary, on resource matters.

Proponents of this option argue that such procedures have existed elsewhere in Government and have worked effectively, that there is no other arrangement which can give the DGI real influence over these important national programs while allowing important Defense participation, that these arrangements would tend to surface important issues for discussion and resolution, and that the change in wartime arrangements envisioned alone would enable each partner to participate in fruitful dialogue about a wide range of management and substantive problems.

Critics of this option argue that the needs of all present consumers are fully met by a system in which operational and resource control over the CCP is located within Defense, that dividing operational and resource control over the CCP between two different officials would create a difficult management problem for the concerned program manager, that such a system would not guarantee the provision of adequate resources to collection efforts of primary interest to military customers, and that such an arrangement would create formidable problems in insuring that internal DOD planning on a wide variety of issues was adequately related to resource decisions made by an independent DGI.

As with Option #1, but to a lesser degree, appropriation of the budget for the Foreign Intelligence Program to the DGI would tend to make this procedure more subject to public disclosure.

OPTION #3

DEPARTMENTAL EMPHASIS

RATIONALE FOR THIS OPTION

1. The concept of an independent DCI with broad coordination powers in intelligence is vital to the ability of the Intelligence Community to respond to the needs of the President and other national level decisionmakers.
2. The responsibilities of the Department of Defense in wartime make it necessary that SecDef have a major voice in the way intelligence assets are developed and managed.
3. This option addresses a key organizational problem that now exists within the Intelligence Community: There is no independent voice within the Executive Branch which can speak for the Community or give guidance to the Community without simultaneously representing one of the prime functional entities and resource consumers of the Community.
4. Solution of this problem will also adjust to the impact of technology and provide for better leadership of the Community in the decade ahead.

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SUMMARY DESCRIPTION

Under this option, the present DCI structure would be disestablished, and the position of the Director General for Intelligence (DGI) would be established. The DGI would be physically and organizationally separated from management of CIA. He would be a member of the NSC and would have the primary responsibility of providing substantive intelligence support for the President and the NSC. The CIA would be rechartered under a Director (D/CIA) appointed by the President, confirmed by the Senate, and reporting directly to the NSC. Most present CIA SIGINT functions would be consolidated in the CCP. As envisioned in this option, the newly created DGI would put together the national intelligence picture and provide independent assessments regarding national intelligence on both substantive and resource matters. The DGI would be the senior intelligence officer reporting to the President with responsibility for production of national intelligence. Through his chairmanship of the JRAC and ExCom, the DGI would have a role in Community resource decisions concerning major national intelligence systems. sic
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Leadership of Community

Create a Director General for Intelligence (DGI) and charge him with overall policy direction for the Intelligence

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Community, without direct line management over any of its operational elements.

Position in Executive Branch Hierarchy

DGI would be a member of the NSC, instead of advisory to the NSC.

Relation to the National Security Council

Full member of the NSC and member of the NSC Intelligence Committee and 40 Committee. The CIA would be rechartered under a Director (D/CIA) appointed by the President, confirmed by Congress, and reporting directly to the NSC.

Operational Responsibilities

The DGI would have a staff similar to the present DCI Staff, i.e., NIOs and the IC Staff, but no operational responsibilities. Control of the NRP, the CCP, and GDIP would be continued in the Secretary of Defense. ExCom arrangements for the NRP would remain essentially unchanged. NSA would remain under DoD, with SIGINT activities now conducted by CIA, except those in direct support of agent operations, included in the CCP.]

Fiscal Responsibilities

Development of program budgets would remain as a Departmental or Agency responsibility. DGI would continue

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to provide for the President an independent review of the entire intelligence budget. Funds for the CIAP, the CCP, and the NRP would be appropriated to operating Departments/Agencies for reallocation to program managers.

Responsibilities Concerning Collection Requirements

Develops and issues guidance concerning information requirements for national intelligence; reviews the adequacy with which collection requirements developed by all elements of the Community reflect his guidance and makes recommendations as to necessary improvements. The DGI would be charged with responsibility for better support of the needs of Defense, in peace and in war, through use of centrally coordinated collection programs under Director of D/CIA (HUMINT) and SecDef (CCP/NRP) and planning for transfer of intelligence assets to Defense in war. D/CIA would supervise all clandestine HUMINT collection activities, except those organic to combat units or in direct support of military activities.] ?

Responsibilities for Production of National Intelligence

DGI would have no production organization, but will be responsible for providing guidance to the Intelligence Community as to intelligence needs and priorities, for the provision of direct support to the President, the NSC,

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and Congress, and for the review and evaluation of the resulting national intelligence products. DGI would coordinate and approve the production of National Intelligence Estimates. D/CIA would have primary responsibility for production of political and economic intelligence, and DoD for military, scientific, and technical intelligence production. This would not preclude other intelligence agencies from engaging in similar activities consistent with their mission requirements.

Responsibilities for Covert Actions

DGI would serve as a member of the 40 Committee (or its equivalent) and participate in review of covert action proposals, but have no role in directing conduct of covert actions. Direction would be the responsibility of D/CIA.

Inspector General Role

Using reports from the Inspectors General of the separate intelligence organizations whenever possible, but supported by his own IG Staff (and its investigations) as necessary, would be responsible for the conduct of such investigations as he considers appropriate, including those which will assure all organizations involved in foreign intelligence are complying with legislative and Executive Order restrictions on their activities,

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particularly as regards the rights of U.S. citizens. DGI would need General Counsel to advise him.

Relations with the Congress

DGI would be the chief spokesman before Congress for the Intelligence Community, including defense of the President's budget for intelligence activities and the provision of the national intelligence products to the Congress and its committees. Thus, DGI would interface with Congressional Oversight Committee(s), although he would rely on support from cognizant Departments/Agencies to defend specific programs.

Relation to the USIB and the IRAC

DGI would serve as chairman of both the USIB and the IRAC with these bodies continuing to have their present responsibilities.

National/Tactical Interface

The DGI's responsibility for tactical intelligence would not extend to control over tactical resources; rather his responsibility would be to work with Defense to insure more effective substantive utilization of all available intelligence assets.

EVALUATIONPotential for Abuse Control and Likely Public Reaction

Under this option, the DGI, with the assigned Inspector General functions, and with a General Counsel, would have the capability to prevent abuse of national intelligence capabilities and circumvention of charters and other authorities. The increased stature of the DGI and his independence from operational responsibilities will make him the focal point for Presidential, Congressional, and public oversight requests and reports. A principal function of the DGI would be to establish standards for conduct. Once this is done, the DGI can then establish the procedure and mechanism to enforce these standards. However, diffusion of control could make enforcement difficult.

Decentralization of resource and operational control will provide for checks and balances to prevent any one agency/man from exerting such undue influence on the Community that excesses and abuses could escape scrutiny.

As under the other options, there is a question as to whether an IG under the DGI's control could effectively examine programs under the statutory control of other officials.

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Effects on Intelligence Product

As for product quality, the realignment and consolidation of various intelligence collection activities, such as clandestine HUMINT, and the centralization of authority and responsibility for certain intelligence functions with attendant elimination of unnecessary duplication, should produce some efficiency of operations and improve responsiveness to stated requirements. For example:

- Peacetime warning, collection, exploitation, and analysis activities essential to the conduct of war and crisis response would be so organized and located as to assure their continued availability and proper functioning in time of war. } i.e., in DoD
- The Department of Defense could continue to manage for the national authorities all DoD intelligence collection assets, including manned and unmanned surveillance programs and their development, funding, management, direction, exploitation, and reporting activities. The present NRO control mechanisms would be unchanged. DDSR
eliminated
- CIA would have primary responsibility for production of political and economic intelligence and supervision of all clandestine human

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intelligence collection activities except those which are organic to combat units or in direct support of military activities.

- Assessments of foreign military and related scientific and technical capabilities would be the primary responsibility of Department of Defense intelligence organization, and responsive to the DGI for such intelligence as it impacts on national-level decisions.

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However, an inherent danger could be the diminution of CIA's ability to critique Defense's intelligence assessments in such critical fields as strategic threat assessment and scientific and technological intelligence.

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Finally, the various consolidations and realignments could benefit consumer/producer relations. Dissemination of coordinated intelligence, improved coordination of HUMINT/clandestine collection efforts, and the elimination of unnecessary duplication of intelligence efforts should have a salutary effect and make the most of limited resource. However, there would undoubtedly be some adverse impacts due to the necessity to revise existing management relationships, operating procedures, and physical locations of various elements of the Community's structure.

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Effect on Intelligence Management

In the area of management accountability, this option removes any conflict of interest by separating the DCI from any responsibility as a representative of CIA in resource matters and permits him, as the DGI, to speak for the Community as an independent voice within the Executive Branch or to give guidance to the Community as necessary.

A criticism of this approach is that, while it effectively removes the present conflict of interests between the DCI's roles as Community leader and as head of CIA, it leaves him with little real authority to shape the programs of the Intelligence Community. There is a question whether his independence from CIA will, in itself, give him the ability to provide effective Community leadership. However, through his chairmanship of the IRAC and ExCom, the DGI would still have a significant role in Community resource decisions concerning major national intelligence systems. This option would continue the existing Committee arrangements which have been developed over the years. Although many consider this structure inefficient, it has been quite successful in certain areas, particularly in NRP.

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OPTION 4

STATUS QUO

RATIONALE

Much of this paper constitutes a critique of present arrangements. However, it should be noted that the present system, whereby functions and responsibilities are somewhat decentralized, offers a built-in system of checks and balances, particularly with respect to analysis and production activities, which would be substantially altered under the arrangements proposed in other options. Also it should be pointed out that each of the other options may create problems which do not exist under present arrangements.

Any organizational change will most likely result in a certain amount of administrative/management disruption. Also, it will probably result in a temporary loss of effectiveness, the degree depending on the size of the realignment to be effected. The status quo, however, has the advantage of avoiding this problem, and it evades the bureaucratic difficulties always associated with legislative change. Basic changes to Community responsibilities may well require statutory revision which may not be easily effected. Another consideration in this regard is the lack of assurance that any legislation which is ultimately passed will be identical to that which is proposed.

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SUMMARY DESCRIPTION

Early sections of the paper described the status quo. In sum, the Community consists of a CIA program under DCI management, a National Reconnaissance Program under Defense control but with heavy DCI management participation, and a role in direct operations; the CCP and ^{the} GDIP, both under Defense control. Under the November 1971 letter and earlier Presidential letters, the DCI has been given certain Community-wide responsibilities for establishing collection requirements, commenting in the national intelligence program budget, and in other areas.

Minimal Changes Within Present Structure

A related issue worthy of consideration is to what extent can the current arrangement be modified to address major areas of concern within the Community without the more fundamental changes of Options 1, 2 and 3.

Emphasis on prevention of abuses might be addressed by establishing a Community-wide IG, probably under the DCI. This officer would be responsible for inspecting and evaluating the intelligence programs and activities of the various Departments. Establishment of an IG would provide the DCI with the capability to investigate and, hopefully, to correct abuses and potential abuses within the Community. It should be

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noted, however, that a centralized IG function could well cause certain conflicts between the DCI and the respective Departments regarding access and degree of authority to be exerted by the IG and it is questionable whether such an effort could be effectively undertaken

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In an effort to strengthen product quality, the DCI could be assigned Community-wide program evaluation responsibilities. On paper, this proposal has certain merit, but without line authority or resource control over the other intelligence organizations, successful implementation of this modification becomes questionable.

Another proposal, which could strengthen the DCI's resource responsibilities, would be to establish an ExCom for SIGINT activities. SIGINT ExCom arrangements would be similar as those for the NRP. This arrangement would strengthen the DCI's role in the SIGINT review process and, ultimately, the degree of his control over SIGINT resource management decisions. However, it would add to the machinery which runs the SIGINT. Further, it might be construed by the Defense Department as a move which could impede the responsiveness of SIGINT activities to operating field commanders.

One factor that has been identified as reducing the DCI's capability to act as leader of the Intelligence Community is the feeling that he cannot render truly independent judgments as long as he also heads one of the major competitors for intelligence resources -- the CIA. One sub-option that could be implemented with minimal managerial upheaval would be to separate the DCI from his responsibilities as Director, CIA; give the DCI the oversight function for the Intelligence Community; and make him the Community spokesman before the Congress. In this sub-option, all other organizational relationships would remain the same, pending further study, except that the CIA would be restructured as an independent agency, reporting to the NSC, with substantially its present functions. The DCI would retain the NIO structure, with responsibility for NIEs, and the IC Staff, with responsibility for leadership and coordination of the Community. Many complex arrangements would have to be resolved, but could be done so in the context of a continuing study of the Intelligence Community under NSC auspices. Additionally, this change could be undertaken in the context of allowing the reconstituted DCI to develop working relations with the newly appointed Deputy Secretary of Defense for Intelligence.

Such a change would put the DCI in an independent position vis a vis the Intelligence Community and eliminate the conflict of interest in his present responsibilities.

However, ^{ere} this is a question whether, without real authority over any element of the country or any aspect of the resource allocation process, he could effectively exert a leadership role.

The key decisions required to implement any one of the options discussed above are:

- identify the overall leader of the Intelligence Community --
if one is desired -- and define his place within the hierarchy of the Executive Branch and the Intelligence Community;
- specify the operational responsibilities, if any, of that individual;
- specify the responsibilities of that individual over resources;
- define the jurisdictions and organizational inter-relationships of the major components of the Intelligence Community.

Once these key decisions are made, the DCI, or whatever the leader of this Community is called, must be given time to review in depth the complex factors that bear on the collection and production of foreign intelligence.

Changes requiring legislation would need to be carefully developed and coordinated within the Executive Branch. It should be understood that any major change discussed in the option above would require legislation.

The NSCIDs must be reevaluated for relevance and accuracy; budgetary procedures must be reviewed, and readjusted if necessary; command relations must be revalidated. This, painstaking reappraisal must be undertaken promptly, and in good faith by all involved, or the basic national security interests of the country could be imperiled. After all, the purpose of a foreign intelligence community is to provide the intelligence necessary to the President and other national decision-makers for their informed, timely deliberations leading to actions that will preserve and, hopefully, enhance those interests.

COVERT ACTION LOCATION

One last organizational issue cuts across all four options: the placement of a covert operations capability. Covert operations were originally placed within the CIA to accompany its clandestine collection capabilities. Proposals for moving covert operations out of the CIA have been made many times, but have always been rejected. Transfer to the State Department would endanger the primary activities of this overt service and be contrary to international diplomatic practices. Transfer to the Defense Department would raise public apprehension over accountability given the size and scope of the Department's activities. A number of observers have, however, strongly promoted placing the covert operations capability in an entirely separate agency directly under the control of the NSC. They have argued:

- ° If the covert operations capability were isolated in a small agency, oversight would be easier; fewer resources and personnel would need to be kept under close supervision.

- ° The independent analytic capabilities of the CIA are biased because covert operations make it an action agency. Covert operations create a

departmental interest in the CIA which is contrary
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to its basic national functions.

- The CIA might be better able to attract analysts and scientists if it shed its "dirty-tricks" image which is closely connected to its covert operations capability.

On the other hand, a number of strong arguments exist for retaining the covert operations capability in the CIA:

- Isolation of the capability, rather than improving possibilities for effective oversight, would create greater oversight problems by allowing development in isolation from conflicting agency demands and supervision of a group of gung-ho operatives.
- During the brief period in the early 1950's when clandestine collection and covert actions were in separate offices, the two offices were in conflict for resources and attention, inevitable redundancy existed, and units worked at cross-purposes. That experience demonstrated the close connection in terms of contacts, methods, goals and support that is necessary between the two activities.
- Mere shifting around within the Government of the covert operations capability will neither assuage public fears nor reduce attacks on the CIA. Outsiders will never believe that "dirty tricks" have been taken out of the CIA, and indeed, their

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perceptions may be somewhat accurate as the new organization would inevitably have to work closely with CIA clandestine collection activities.

- The need for cover, already a difficult problem, would be further aggravated by the requirement to increase the number of officials requiring cover status.

VI. MANAGEMENT IMPROVEMENTS

Although organizational reforms can help solve many of the problems of the Intelligence Community, some of the problems are not susceptible to organizational reform. Only sustained management attention, whatever the organization, can solve these problems. In a number of areas the study group identified possibilities for management improvements.

A. Budgetary and Financial Controls. Financial and budgetary procedures provide an effective discipline in government operations for the President, the Congress, and the agencies. The absence of these procedures -- or at least the lack of public perception of their operation with respect to intelligence -- contributes to the public and Congressional opinion that no system of checks and balances exists on the intelligence agencies with the Executive Branch or, for that matter, in the Congress.

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In the present situation no information on the intelligence agencies is contained in the President's budget and no effective control over the financial execution of intelligence budgets is exercised. There are several options by which the budget process could be strengthened. They are:

- Provision of a separate classified budget appendix by the President to the Congress that contained information similar to that provided for all other government activities; it could probably be prepared at the Secret level and would require appropriate handling within the Congress.

This option has the advantage of a formal Executive Branch initiative (within acceptable security bounds) to the Congressional request for more information. Also, cognizant Congressional committees could claim credit for the Executive action. The primary arguments against this proposal involve the precedent setting nature of a formal budget submission and the inevitable demand for more detailed information by Congress.

- Implementation of traditional controls by OMB on the apportionment, reprogramming, transfer, and outlays of intelligence funds, similar to that for other agencies.

Initiation of these controls would correct an existing inequity in which OMB is not involved in the budget execution phase of the intelligence budget other than CIA reserves. Arguing against this proposal is the precedent

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of placing reprogramming controls for Defense funds within OMB.

These proposals for providing budgetary information to the Congress and enhancing the visibility of Presidential budgetary control may not be particularly effective in identifying abuses, but they would enhance public and Congressional confidence that the Intelligence Community is subject to the same set of checks and balances as all other agencies. They would enhance the credibility and effectiveness of standard Executive Branch and Congressional controls.

B. Performance Evaluation System. There is need to continue improvement of methods to evaluate the benefits of US intelligence activities as measured against costs. It is particularly important to evaluate the quality and worth of intelligence products.

The purpose of such evaluation is three-fold:

1. to improve the intelligence product and its timely responsiveness to essential consumer needs;
2. to balance input costs with output value; and
3. to facilitate the DCI's ability to make decisions concerning resources.

In this respect, the DCI should intensify efforts, including consultations with consumers, aimed at sharpening the ability to evaluate Community performance.

C. Compartmentation

The plethora of control systems which have grown up to protect especially sensitive information has become cumbersome and wasteful and has adversely affected the quality of the intelligence product. Present

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arrangements seriously impede the flow of information to intelligence analysts and to decision makers at every level. A National Security Study Memorandum was issued in August 1975 directing a review of the present control system. Consideration should be given to broadening this study to include new approaches which could simplify present arrangements and insure more prompt and efficient access to information within the system by those officials who have a "need-to-know". A need exists for completion of this study at an early date.

D. Quality Intelligence on a Timely Basis

Relationships between policy-level consumers and the Intelligence Community have shown some gains in recent years. Further improvements are required, however, to ensure that the quality, relevance, and timeliness of the intelligence product are more satisfactory to the consumer.

- NSCIC should undertake a more active program to improve consumer relations with the Intelligence Community. Surveys should be undertaken to identify the strengths and deficiencies that consumers find in intelligence support (from the NIE's, for example) and to determine what actions the policy consumers and intelligence producers should take to ensure more useful intelligence contributions to the decision makers.

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-- NSCIC should specifically address problems identified in this report including guidance and feedback from decisionmakers to the Intelligence Community; the need for a better intelligence appreciation of those policy and negotiating issues which might benefit from intelligence inputs and the arrangements within the economic policy-making organizations required to promote a more effective interchange with the Intelligence Community. NSCIC should also address the special problem of the need for better dissemination of sensitive memoranda, reports and telegraphic traffic to officials with a need to know.

VII. RELATIONSHIP OF THE INTELLIGENCE COMMUNITY TO CONGRESS

Escalation of Congressional concern with the Intelligence Community in the past year creates new management problems. Congress' interest is likely to lead to more oversight of the Community.

Although it may be inappropriate for the Executive Branch to suggest precisely how Congress should conduct its oversight role, the Executive Branch should consider the principles which ought to be important to Congress. These include:

1. A need for a limited number of Congressmen to act for all. The risk of disclosure of any information available to 535 Congressmen and their staffs is too great to allow such wide dissemination of sensitive secrets. Although the old system of just a handful of knowledgeable Congressmen is no longer viable and led to inadequate oversight, the principle of delegation of oversight responsibility to less than all Congressmen is essential.
2. Limiting the number of committees so as to limit dissemination of secret information. Just as intelligence is best viewed within the Executive Branch from a centralized perspective, Congress will be better able to understand the Community if it adopts the same perspective.
3. The need for committee rules limiting access to sensitive intelligence information. A persistent problem in the House has been its Rule 11 that grants access of all Congressmen to all committee materials. If the need for secrecy, as expressed in the first two principles above,

is to be honored, this Rule needs modification. Up to now, the problem has been finessed; for the future, positive reform seems necessary.

4. The desirability of not statutorily requiring that oversight committee be "fully and currently informed," as in the case of the Joint Atomic Energy Committee. The fully-and-currently-informed principle can encourage too much day-to-day interference by Congress and its committee staff in agency operations.

5. Encouragement of non-statutory understandings. Statutory guidance on Executive-Legislative relations is more likely to impede than aid good and effective relationships. Congress should benefit from informality.

6. Separation of foreign intelligence from law enforcement oversight. Intermingling of these two areas of concern is often confusing.

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